



Economics Research Associates

**Economic and Fiscal Impacts
for the Proposed NFL Stadium
in Arlington, Texas**

**Prepared for
CITY OF ARLINGTON**

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The update consists of text edits only.

**Prepared by
ECONOMICS RESEARCH ASSOCIATES**

ERA Project No. 15652

General Limiting Conditions

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I. EXECUTIVE SUMMARY

Economics Research Associates (ERA) was retained by the City of Arlington, Texas (City) to evaluate the economic and fiscal impacts related to the construction of the proposed stadium in Arlington and the operations of the Dallas Cowboys (Cowboys) of the National Football League (NFL) and other stadium events. As part of this evaluation, the City would like to understand the economic and fiscal impacts that may affect the City of Arlington (City), and Tarrant County (County) as a result of the proposed project. All of the dollars presented in this report are in 2010 dollars unless otherwise noted.

A full market and financial feasibility analysis has not been completed by ERA in connection with this proposed project. In lieu of us preparing a full market and financial feasibility analysis, we have relied upon information provided to us via the Cowboys and/or their independent consultant. We have utilized the data and have made minor adjustments to the revenues and expenses based on industry standards where we felt them to be appropriate.

It is our understanding that the proposed stadium is intended to be a state-of-the-art football-dedicated stadium. The proposed stadium is to feature total seating for approximately 75,000 spectators, including luxury suites similar in numbers to Texas Stadium (381) and other new NFL stadiums, and a dedicated club seat section with seating for 5,000 to 10,000 spectators. There is expected to be approximately 20,000 parking spaces available on-site or in close proximity. Based on our review of the building program provided by the Cowboys, the project is estimated to cost approximately \$620 million to construct, excluding land acquisition and financing costs.

The main findings of the main portion of this report are based on the stable year operations of eight NFL regular season games and two pre-season games to be hosted at the proposed stadium. Appendix A describes the other assumed annual events. Appendix B describes the possibility of hosting special 'Mega-Events' at the proposed stadium, such as the Super Bowl, NCAA Final Four, political conventions, among others.

SUMMARY OF RESULTS

The construction of the proposed stadium and the operations of a NFL franchise as well as other annual events are anticipated to generate significant economic impacts in the City and County. The variance in incremental impacts between the City and County results from differences in output and employment multipliers; the distribution of expenditures; and the applicable taxes.



Below is a summary of the economic impacts of the proposed new stadium being utilized by the Cowboys and other assumed annual events:

**SUMMARY OF ECONOMIC IMPACT
ANNUAL ONGOING OPERATIONS AND ANNUAL SPECIAL EVENTS
(In 2010 Dollars)**

	Economic Output	FTE Employment	Annual Fiscal Impact
Tarrant County	\$416,130,000	1,940	\$0
City of Arlington	\$238,096,000	807	\$2,916,000

Source: Economics Research Associates.

The numbers presented in the table above are for one year only (2010). Assuming different (0, 3 and 5 percent) inflation rates over 30 years, the total economic impacts would be:

**SUMMARY OF ECONOMIC IMPACT
ONGOING OPERATIONS AND ANNUAL SPECIAL EVENTS
CUMMULATIVE 30 YEAR IMPACT**

	0%	3%	5%
Tarrant County	\$12.48 billion	\$19.80 billion	\$27.65 billion
City of Arlington	\$7.14 billion	\$11.32 billion	\$15.82 billion

Source: Economics Research Associates.

The following paragraphs summarize the key findings related to the economic impacts generated by the construction of the proposed stadium and the operations of the Cowboys.

Economic Impact – One-Time Construction Impact

Construction of the proposed stadium will have a one-time economic impact on the City and County over the 2.75-year construction period. Based on the estimated \$620 stadium construction cost, the project is anticipated to generate approximately \$71.8 million in total citywide economic output, support a total of 457 FTE jobs throughout the City. The economic impacts associated with construction of the proposed facility are more significant for the County. During the construction period, the project is anticipated to generate approximately \$ 348.7 million in new countywide economic output (including City output) and support a total of 2,222 full time equivalent (FTE) jobs throughout the County (including City employment). Table 1 summarizes the economic impacts generated by these expenditures:

TABLE 1
SUMMARY OF ECONOMIC IMPACT - CONSTRUCTION
(In 2010 Dollars)

	Economic Output	FTE Employment
Tarrant County	\$348,660,000	2,222
City of Arlington	\$71,764,000	457

Source: Economics Research Associates.

Economic Impact – Annual Ongoing Operations

The ongoing operations of the Cowboys and the other annual stadium events will continue to produce considerable economic impacts for the regional economies. We have relied upon the assumptions that have been provided by the Cowboys related to the operations of their franchise in Arlington, including: annual attendance; luxury suite leasing activity; club seat leasing activity; concession and novelty revenue; parking revenue; patron spending patterns, etc. Table 2 summarizes the estimated annual economic impacts associated with the ongoing operations of the Cowboys:

TABLE 2
SUMMARY OF ECONOMIC IMPACT - ANNUAL ONGOING OPERATIONS
(In 2010 Dollars)

	Economic Output	FTE Employment
Tarrant County	\$279,380,000	983
City of Arlington	\$155,052,000	226

Source: Economics Research Associates.

Based on the assumptions detailed in this report, the operation of the Cowboy franchise in the City is anticipated to generate approximately \$155.1 million in total annual economic output in the City and support a total of 226 FTE citywide jobs. The stadium/franchise operations will also generate approximately \$279.4 million in total countywide economic output (including City output) and support a total of approximately 983 FTE jobs throughout the County (including City employment).



Fiscal Impact – Annual Ongoing Operations

ERA estimated the direct fiscal impacts from the annual ongoing operations of the proposed stadium and the Cowboys based on operating assumptions (provided by the Cowboys) and the belief that the stadium will be a City-owned facility. It should be noted that the government revenues shown in this report are generally not cumulative and represent the total revenues for each specific government entity. Table 3 presents a summary of the direct fiscal impacts that would recur annually from stable year operations of the proposed stadium and NFL franchise:

TABLE 3
SUMMARY OF FISCAL IMPACT - ANNUAL ONGOING OPERATIONS
(In 2010 Dollars)

Tarrant County	\$0
City of Arlington	\$1,784,000
Total	\$1,784,000

Source: Economics Research Associates.

The City of Arlington is projected to receive approximately \$1.78 million annually from the stadium and franchise operations. City tax revenues would be collected for the City's Hotel Occupancy Tax as well as City's sales tax. The City's portion of the sales tax is 1.00 percent for the general fund and 0.25 percent for the street maintenance fund. The State of Texas limits the types of taxes that Counties can collect. According to Tarrant County administrators, ad valorem property tax is the primary tax revenue source for the County. As the stadium is anticipated to be publicly-owned, it will be exempt from taxes based on real and personal property. Thus, there is no projected direct fiscal impact to Tarrant County from the Stadium or its operations.

Economic and Fiscal Impact – Special Events and Mega Events

In addition to the eight regular season NFL games and two pre-season NFL games, the proposed stadium will be utilized on an ongoing basis for special events such as concerts, high school and college football games, the NCAA Bowl Alliance as well as other sporting and festival events. In addition, the stadium is likely to be utilized on a periodic basis for so-called Mega Events such as the Super Bowl, the Final Four and political conventions.

Based on assumptions provided by the Cowboys and detailed in the report, Table 4 summarizes the estimated annual economic and fiscal impacts to the City of Arlington from the use of the stadium for a likely set of local special events.

TABLE 4
SUMMARY OF ECONOMIC AND FISCAL IMPACT
OTHER ANNUAL EVENTS
(In 2010 Dollars)

	Economic Output	FTE Employment	Annual Fiscal Impact
Tarrant County	\$136,750,000	957	\$0
City of Arlington	\$83,044,000	581	\$1,131,740

Source: Economics Research Associates.

It is anticipated that in-stadium and out-of-stadium spending will generate approximately \$83.0 million in total annual economic output in the City and generate approximately \$1.13 million annually in City tax revenues. It is also anticipated the it will generate approximately 581 FTE jobs. County outputs are expected to generate \$136.7 million in total annual economic output and over 950 jobs.

Mega events will produce occasional, periodic impacts to the City and County. Table 5 summarizes the impacts to Tarrant County and the City of Arlington from three such potential events. A Super Bowl event is anticipated to generate \$425.8 million in one-time economic impact within Tarrant County. Approximately 57 percent of this impact would be captured within the City of Arlington (e.g.\$245.0 million). The one-time fiscal impact to Arlington is projected to be \$4.3 million.

Other mega events include a NCAA final four event as well as a political convention. A NCAA final four event would generate approximately \$126 million in economic impact at the County level and a political convention would generate approximately \$246 million in economic impact.

At the City-level, these two events would generate approximately \$72 million and nearly \$138.0 million in economic impact respectively. The fiscal impact to Arlington results in a one-time revenue generation of \$1.5 million for a NCAA final four event and \$3.8 million for a political convention.

TABLE 5
SUMMARY OF ECONOMIC AND FISCAL IMPACT
PERIODIC MEGA EVENTS
(In 2010 Dollars)

	Economic Output	Annual Fiscal Impact
Tarrant County		
Super Bowl	\$425,811,000	\$0
Final Four	\$126,033,000	\$0
Conventions	\$246,121,000	\$0
City of Arlington		
Super Bowl	\$245,077,000	\$4,313,000
Final Four	\$72,042,000	\$1,496,000
Conventions	\$137,984,000	\$3,817,000

Source: Economics Research Associates.

Other Economic Benefits

The construction of the stadium and the operations of the Cowboys are anticipated to generate other significant impacts for the City and County that are less explicit and more difficult to quantify. These impacts include:

- Community pride and identity
- Prestige associated with professional sports teams
- National and international exposure
- Improved quality of life

The dollar value of these impacts has not been estimated in this study. What is known, however, is that business and industry spend millions of dollars for the exposure provided by professional sports franchises.



II. INTRODUCTION

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Direct economic impacts result from facility/franchise generated spending (stadium operations, on-site patron concessions and novelties sales, and parking), off-site patron spending (hotels, restaurants and drinking establishments, gasoline stations, etc.) and event personnel spending (meals and lodging) made by visiting teams and others in the traveling party. Induced economic impact, also known as the "multiplier effect", measures the total added impact that each dollar of additional spending has on the overall economy. The economic impact analysis model used in this report considers the following:



- Estimated one-time construction impact
- An analysis of the facility's annual operating expenses
- Projected annual attendance (based on Cowboy operating assumptions)
- Projected on-site and off-site visitor expenditures
- Projected event personnel expenditures
- Projected direct and induced economic impact
- Projected FTE employment and payroll

In addition to the economic impact analysis, the City is also interested in measuring the total fiscal impacts that the proposed stadium and franchise operation will have on the General Fund accounts of the City of Arlington, and Tarrant County. Based on existing assessments in fiscal policy, ERA forecasted the direct government revenues that would be generated by stable year operations of the new facility and the Cowboys on the General Fund accounts in terms of the following government revenue sources:

- Hotel occupancy tax
- Sales tax
- Other taxes/fees as appropriate

The following sections provide a summary of the economic and fiscal impacts generated by the construction of the proposed stadium and the operations of the Cowboys franchise (the appendices are related to the other annual events and 'Mega' events). The anticipated economic impacts associated with the construction of the stadium are presented as one-time impacts generated over the 2.75-year construction period, and the anticipated economic impacts associated with the ongoing operations of the franchise are presented as annual, recurring impacts.

SCOPE OF SERVICES

The scope of services for this analysis entailed an independent evaluation of the economic and fiscal impacts resulting from the construction of the proposed stadium and the operations of the Cowboys, as well as other potential stadium events. The revenue and expense inputs were prepared by the Dallas Cowboys.

NATIONAL FOOTBALL LEAGUE

The NFL is one of the four major professional team sports in the United States today. The others include Major League Baseball (MLB), the National Basketball Association (NBA) and the National Hockey League (NHL). The NFL began its operation in 1922 with 18 franchises located in: Akron, Ohio; Canton, Ohio; Dayton, Ohio; Columbus, Ohio; Toledo, Ohio; Chicago (2 franchises), Illinois; Rock Island, Illinois; Hammond, Louisiana; Evansville, Indiana;

Minneapolis, Minnesota; Green Bay, Wisconsin; Milwaukee, Wisconsin; Racine, Wisconsin; Louisville, Kentucky; Buffalo, New York; and Rochester, New York.

In 1970 the NFL merged with the American Football League (AFL). The AFL added 10 franchises to the existing 16 NFL franchises. The NFL has expanded several times since then. The NFL added the Atlanta Falcons and the New Orleans Saints in 1967, the Tampa Bay Buccaneers and the Seattle Seahawks in 1976, the Carolina Panthers and the Jacksonville Jaguars in 1995, the Cleveland Browns in 1999 and added the Houston Texans in 2002.

Since 1995, nearly 2/3 of the current NFL stadiums have been constructed or undergone major renovations. Many of the franchises (Indianapolis, Minnesota, New York Giants and Jets, New Orleans Saints, Kansas City Chiefs, Dallas Cowboys, San Diego Chargers, San Francisco 49ers, and the Arizona Cardinals) that are playing in the older stadiums are either in the process of having a new stadium constructed or renovated or are looking into the possibility of doing so. Table 6 is a listing of the 2004 NFL stadiums, the year built, seating capacity, the number of club seats and the number of luxury suites.

Each NFL franchise plays 8 home games and typically 2 pre-season games. Table 7 is the historical regular season attendance from 1994 through the 2003 season. Since 1996, attendance has increased (per game basis) each season. In 2003, the average per game attendance was over 67,500.

Table 6
NATIONAL FOOTBALL LEAGUE STADIUMS

Tenant	City, State	Stadium	Year Built	Seats	Suites	Clubs	Other Tenant(s)
Philadelphia Eagles	Philadelphia, PA	Lincoln Financial Field	2003	66,000	172	8,000	
Chicago Bears	Chicago, IL	Soldier Field	2003 ⁽¹⁾	66,950	133	8,600	
Houston Oilers	Houston, TX	Reliant Stadium	2002	69,500	185	800	
Seattle Seahawks	Seattle, WA	Seahawks Stadium	2002	72,000	82	7,000	
Detroit Lions	Detroit MI	Ford Field	2002	65,000	125	8,500	
New England Patriots	Gillette MA	Foxboro Stadium	2002	68,000	80	6,000	
Green Bay Packers	Green Bay, WI	Lambeau Field	2002 ⁽¹⁾	71,000	166	6,000	
Denver Broncos	Denver, CO	Invesco Field at Mile High	2001	72,000	106	8,500	
Pittsburgh Steelers	Pittsburgh, PA	Heinz Field	2001	64,450	117	6,600	
Cincinnati Bengals	Cincinnati, OH	Paul Brown Stadium	2000	65,600	114	7,620	
Buffalo Bills	Buffalo, NY	Ralph Wilson Stadium	1999 ⁽¹⁾	80,290	164	6,878	
Cleveland Browns	Cleveland, OH	Cleveland Browns Stadium	1999	65,000	147	8,600	
Tennessee Titans	Nashville, TN	The Coliseum	1999	67,000	175	9,600	
Baltimore Ravens	Baltimore, MD	M&T Bank Stadium	1998	69,426	108	7,900	
Tampa Bay Buccaneers	Tampa, FL	Raymond James Stadium	1998	65,000	195	12,000	
Oakland Raiders	Oakland, CA	Network Associates Coliseum	1997 ⁽¹⁾	62,500	143	9,000	Oakland Athletics - MLB
Washington Redskins	Washington, DC	FedEx Field	1997	80,407	220	15,000	
Carolina Panthers	Charlotte, NC	Bank of America Stadium	1996	72,685	158	11,358	
Jacksonville Jaguars	Jacksonville, FL	Alltel Stadium	1995 ⁽¹⁾	73,000	90	10,500	
St. Louis Rams	St. Louis, MO	Edward James Dome	1995	70,000	124	6,425	
Atlanta Falcons	Atlanta, GA	Georgia Dome	1992	71,500	204	4,600	
Miami Dolphins	Miami, FL	Pro Player Stadium	1987 ⁽¹⁾	73,000	183	10,209	Florida Marlins - MLB
Indianapolis Colts	Indianapolis, IN	RCA Dome	1984	60,272	104	3,500	
Minnesota Vikings	Minneapolis, MN	Hubert H. Humphrey Metrodome	1982	64,187	115	0	Minnesota Twins - MLB
New York Giants/Jets	East Rutherford, NJ	Giants Stadium	1976	80,242	119	124	
New Orleans Saints	New Orleans, LA	Louisiana Superdome	1975	72,000	137	15,000	
Kansas City Chiefs	Kansas City, MO	Arrowhead Stadium	1971	78,067	80	2,400	
Dallas Cowboys	Irving, TX	Texas Stadium	1971	65,846	381	0	
San Diego Chargers	San Diego, CA	Qualcomm Stadium	1967	71,000	112	8,500	
San Francisco 49ers	San Francisco, CA	3Com Park	1960	67,469	94	0	
Arizona Cardinals	Phoenix, AZ	Sun Devil Stadium	1958	73,521	68	4,928	

(1) - Year of latest major renovation.

Sources: 2004 Revenues from Sports Venues and ERA.

TABLE 7
HISTORIC NFL ATTENDANCE
1994 to 2003

City/Franchise	Year									
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Arizona	288,496	327,272	307,312	387,475	393,240	430,552	379,547	380,508	380,314	539,289
Atlanta	563,680	550,976	434,008	422,814	460,922	457,480	375,427	407,791	419,105	458,509
Baltimore	556,632	554,728	554,880	551,695	547,118	549,528	475,236	471,665	--	--
Buffalo	584,120	547,704	504,736	555,695	561,269	560,568	523,763	598,321	552,394	586,539
Carolina	582,568	572,016	579,080	478,211	489,515	489,624	465,530	545,830	441,624	--
Chicago	492,824	487,256	535,552	446,057	452,635	429,608	421,900	535,552	484,823	528,050
Cincinnati	479,488	422,232	453,448	469,992	404,679	444,336	439,831	382,774	385,071	415,368
Cleveland	585,568	586,296	582,928	581,544	580,934	--	--	--	512,392	569,831
Dallas	511,224	504,720	505,496	504,360	513,295	510,440	511,767	513,794	518,167	506,553
Denver	603,816	604,904	600,280	584,984	577,309	597,464	515,851	589,386	583,510	577,101
Detroit	490,440	489,744	601,808	606,716	579,314	571,416	554,898	514,950	565,233	555,957
Green Bay	562,816	508,792	478,432	478,747	419,032	479,296	481,494	482,988	481,036	458,074
Houston	563,736	559,320	--	--	--	--	--	266,720	336,584	353,514
Indianapolis	542,136	453,360	450,744	454,319	453,270	440,928	451,455	438,026	440,613	396,462
Jacksonville	428,072	450,216	483,536	482,510	540,085	561,472	557,547	533,533	554,814	--
Kansas City	627,840	625,504	617,488	626,974	629,545	589,040	610,192	610,616	620,180	626,612
LA Raiders	--	--	--	--	--	--	--	--	--	409,564
LA Rams	--	--	--	--	--	--	--	--	--	430,000
Miami	587,784	585,520	588,064	589,909	592,161	581,784	574,811	593,851	560,919	585,195
Minnesota	513,440	512,520	515,744	513,394	513,051	510,744	486,921	449,944	448,779	502,079
New England	547,488	547,488	482,336	463,722	461,624	475,832	477,431	468,301	466,743	483,083
New Orleans	548,896	542,800	560,472	504,315	361,330	436,472	443,614	301,998	400,589	469,900
NY Giants	628,960	629,208	627,984	624,085	620,362	576,712	573,241	552,870	532,453	615,321
NY Jets	622,256	628,816	627,808	623,711	548,012	576,624	543,181	395,154	488,079	614,281
Oakland	440,064	485,096	472,088	462,515	398,140	386,552	375,499	424,518	423,376	--
Philadelphia	544,352	523,536	527,192	523,531	519,835	527,928	535,783	514,003	509,695	518,027
Pittsburgh	477,584	490,272	499,184	439,406	416,618	464,616	462,532	455,913	455,913	461,272
San Diego	479,032	494,976	474,680	433,459	479,999	476,720	465,906	470,355	469,575	479,842
San Francisco	675,818	541,592	539,752	541,960	544,231	537,384	501,641	438,564	518,928	545,297
Seattle	512,152	504,624	482,816	508,367	464,188	500,208	462,124	359,570	364,372	420,136
St. Louis	528,456	528,496	528,824	528,402	520,926	431,114	518,468	484,896	496,486	--
Tampa Bay	524,352	525,032	524,464	524,775	522,691	518,048	543,504	333,350	473,587	367,443
Tennessee	550,472	550,440	550,392	547,532	528,891	299,552	224,221	320,000	288,860	--
Washington DC	644,000	643,952	624,368	647,424	619,749	552,096	602,592	427,750	413,150	445,360
Totals	17,288,562	16,979,408	16,315,896	16,108,600	15,713,970	14,964,138	14,555,907	14,263,491	14,587,364	13,918,659
Averages										
Per Team	540,268	530,607	526,319	519,632	506,902	498,805	485,197	460,113	470,560	497,095
Per Game	67,533	66,326	65,790	64,954	63,363	62,351	60,650	57,514	58,820	62,137

Sources: National Football League, Revenues for Sports Venues and ERA.

METHODOLOGY

A gross expenditure and economic multiplier approach was used to quantify the economic impacts presented in this report. The basis of the gross expenditure approach is that spending on goods and services creates demand within particular industries. The initial spending is referred to as “direct” spending and is defined as purchases of goods and services resulting from an economic event over a specified period of time. Exchanges or re-sales of goods or assets purchased during preceding periods are not counted. For the purposes of this study, it was assumed that construction of the stadium and the operations of a NFL franchise represent new economic activity within the City and County.

Multiplier Effect

The introduction of new money into an economy begins a cycle in which that money is respent several times by different individuals. The turnover of each dollar is projected through the use of an economic multiplier applied to the initial expenditure. The multiplier conveys that additional spending into a finite economy will lead to subsequent spending until that dollar has experienced leakage sufficient to end its economic cycle. Leakage refers to the fundamental principal that portions of the dollar infused into the economy are redirected to areas outside of the studied economy. Examples would include purchases made outside of the region, taxes paid outside of the region, and individual savings. The multiplier, therefore, illustrates a more realistic image of our economic system where direct consumption leads to various levels of induced consumption.

In general terms, output multipliers reflect a ratio of total dollars spent versus the initial or direct expenditures. Multipliers are commonly used in two forms (gross and net), which result in the same conclusion. A gross output multiplier is a ratio of total dollars spent over the initial dollars spent. A net output multiplier is a ratio of indirect dollars spent over the initial dollars spent. For example, if a professional franchise initially spent \$500 in the City economy and the subsequent induced spending was \$1,000, the total impact of the franchise’s spending would be \$1,500. The net multiplier would be 2.0 (\$1,000 divided by \$500). The gross multiplier would be 3.0 (\$1,500 divided by \$500). This study uses the net output multiplier methodology.

Determining the appropriate multiplier for a particular area is dependent upon certain regional economic characteristics and the nature of the expenditures in question. There are two primary regional economic dynamics that affect the size of the multiplier: the diversification of the area's economy and the area's geographic boundaries, neighbors and size. A positive correlation exists between the degree of self-sufficiency in an area's economy and the probability of respending

occurring within a region. Therefore, an area such as a major metropolitan community with a broad industrial and commercial base, which is capable of producing a wide range of goods and services within its borders will have a high multiplier. However, if an area has a smaller, less diversified economy, expenditures will “leak” out of the community to neighboring communities or to another geographical region, resulting in a lower multiplier.

Multipliers also vary as a result of the type of economic event. This variation is due to the event’s particular employment of goods, services and labor. If the event imports most of its labor, goods and services, then the multiplier will be lower than it would be for an event that purchases its labor, goods and services from the local economy.

Furthermore, in projecting the total employment and payroll impacts anticipated for the proposed stadium development and Cowboys operation, ERA assumed that approximately 35 percent of the total direct and induced economic output would be spent on salary expenditures. This salary factor is typical for the industries studied in this report. Based on data provided by the Cowboys and ERA’s in-house database, full-time equivalent (FTE) employment was estimated using the FTE 2003 average incomes of \$43,394 for City/County construction employment, and \$38,000 for all other industry employment.

Diversification of Industries

As described above, the diversification of an area's economy is one of the main influences upon the calculation of the multiplier. Table 8 presents a comparison of the estimated employment base for the City of Arlington in contrast to total employment existing in Tarrant County.

TABLE 8
EMPLOYMENT DISTRIBUTIONS BY INDUSTRY

	Tarrant County	Arlington City
Total Employed	595,074	122,483
% of County	100.0%	21%

Sources: ESRI Business Information Services and Texas Workforce Commission

As Table 8 illustrates, the City of Arlington contains 21 percent of the County’s current employment base. A precise breakout of Arlington’s employment base by business sector is not currently available; however, information provided by the Arlington Chamber of Commerce and the City’s Finance Department illustrates the City’s relative economic diversity (see Table 9).

Table 9
Selected Principal Public and Private Employers in Arlington

Sector	Employment	Percent of Total City Employment
Amusement Park / Sports Facilities	5,000	4%
Education	12,743	10%
Financial Services	5,300	4%
Local Government	2,328	2%
Manufacturing/Assembly	5,030	4%
Medical Center	1,300	1%
Total Sample Size	<u>31,701</u>	<u>26%</u>
Total Employment in City	122,483	100%

Sources: City of Arlington and Economics Research Associates

It is believed that the City of Arlington will be able to retain a portion of the estimated labor, goods and service expenditures generated by the proposed development generally equivalent to its relative share of the County's employment base. Though roughly only one in five jobs in Tarrant County are located within Arlington, Arlington's diverse economic base should make it likely that the City will capture a fair share of the resulting economic activity. Nonetheless, a conservative approach to estimating capture has been employed in order to not overstate local impact.

Although the City and County local economies are of considerable scale and scope, it should also be noted that the City of Arlington is located within close proximity to Dallas. As a result of this factor, some of the money generated by the proposed stadium development and the Cowboys may leak out of the City.

Estimated Multipliers

In this analysis, ERA utilized RIMS II economic impact multipliers developed by the U.S. Department of Commerce Bureau of Economic Analysis (BEA). RIMS II multipliers are based on BEA's Regional Input-Output (I-O) Modeling System, which projects the inputs purchased and outputs sold by individual industries taken within a regional context. BEA combines 1992 benchmark I-O accounts for the national economy and 1997 regional economic accounts.

It should be noted that RIMS II multipliers are not available on the city-level. In general, city-level impacts can be assessed analyzing the city economy relative to the county economy (as measured by employment). As suggested above, there is a strong correlation between the size

and breadth of an economy and its consequent economic impacts. For the purpose of this report, ERA estimated city induced economic impacts using the City's share of the County's economy.

Furthermore, ERA used net output multipliers, which estimates the final "induced" economic impact. The multipliers used in this analysis do not estimate the "total" economic impact.

Substitution Effect

The substitution effect refers to the economic phenomenon whereby new or additional spending leads to reduced spending within other sectors of that economy over time. The net result is that an economic event that generates one dollar in direct economic output actually generates less than one dollar in new net direct economic output within the economy. The magnitude of the substitution effect will vary significantly depending upon a number of factors, including: demand for a particular good or service; alternative goods and services available; and the size of the dollar expenditure for the game or event relative to the patron's annual disposable income and savings.

The substitution effect tends to be most significant when demand is relatively fixed, when many comparable alternatives are available within the region, and/or the expenditure is relatively large. We are not aware of a reliable method for quantifying the amount of substitution resulting from various economic activities. Previous attempts to quantify the substitution effect have yielded unreliable results. Although the substitution effect is difficult to quantify, it is reasonable to assume that much of the economic activity generated by the proposed stadium and franchise would be new to the City of Arlington and to Tarrant County.

GOVERNMENT REVENUE IMPACTS

Government revenue impacts were estimated based on current statutory tax rates and estimated new direct economic activity. The specific government revenues evaluated in this report include the following:

- Hotel occupancy tax
- Sales tax

In addition to these government revenues, other government resources may be impacted by the construction of the proposed facility and the operations of a NFL franchise, including police, traffic and fire services. However, depending on the environmental analysis and subsequent municipal services required for the stadium development and the operations of the Cowboys, the amount of City outlays may vary considerably. As a result, ERA discusses these City outlay categories briefly, but does not attempt to quantify these expenditures directly.



It should be noted that the fiscal impact projections discussed in this report are for the City of Arlington only. The State of Texas limits the types of taxes that Counties can collect. According to Tarrant County administrators, ad valorem property tax is the primary tax revenue source for the County. As the stadium is anticipated to be publically-owned, it will be exempt from taxes based on real and personal property. Thus, there is no projected direct fiscal impact to Tarrant County from the Stadium or its operations.



III. ONE-TIME CONSTRUCTION IMPACT

Construction of the proposed stadium will generate one-time economic activity during the construction period. This economic activity will create new economic output and employment. The following section details the key assumptions and resulting estimated economic impacts.

PROJECT DESCRIPTION

The proposed stadium is intended to be a state-of-the-art football-dedicated stadium. The proposed stadium is to feature total seating for approximately 75,000 spectators, including luxury suites similar in numbers to Texas Stadium (381) and other new NFL stadiums, and a dedicated club seat section with seating for 5,000 to 10,000 spectators. There is expected to be approximately 20,000 parking spaces available on-site or in close proximity. Based on our review of the building program provided by the Cowboys, the project is estimated to cost approximately \$620 million to construct, excluding land acquisition and financing costs.

CONSTRUCTION EXPENDITURES

At the time of this analysis, the preliminary plans for the facility have been developed. Total project expenditures for the stadium and peripheral developments are estimated to be approximately \$620 million, excluding land acquisition and financing costs. Only construction costs generating economic impacts within the local community/region were used to estimate the economic impacts associated with the construction. Table 10 summarizes the estimated direct construction expenditures for labor and materials and the relative expenditure distribution captured by the City, County, and State economies.

TABLE 10
SUMMARY OF CONSTRUCTION EXPENDITURES
(In 2010 Dollars. 000's)

EXPENDITURES		Estimated Project Costs					
Total Project Costs							\$620,000
Total Labor Expenditures		% of Total					\$217,000
Total Material Expenditures							\$403,000
DISTRIBUTION OF CONSTRUCTION EXPENDITURES							
	Adjusted Project Costs	% from Arlington	City Sourced Construction Expenditures	% from Tarrant	County Sourced Construction Expenditures	% from Texas	State Sourced Construction Expenditures
Labor	\$217,000	6%	\$13,317	30%	\$64,701	90%	\$195,300
Material	\$403,000	5%	\$21,984	27%	\$106,808	80%	\$322,400
Totals	\$620,000		\$35,301		\$171,509		\$517,700

Source: Economics Research Associates

Based on comparable projects and industry estimates, ERA anticipates that approximately 6 percent of total labor expenditures will be sourced within the City, 30 percent within the County, and 90 percent within the State. In addition, 5 percent of total material expenditures will be sourced within the City, and 27 percent within the County. This suggests that approximately 70 percent of the total labor expenditures and 73 percent of the total material expenditures will leak out of the County. These capture rates have been estimated based on the relative competitive labor market of Dallas County, which is located adjacent to Tarrant County. Dallas County's construction labor force and business base is slightly more than twice as large as exists in Tarrant County. It is anticipated that a large contingent of construction labor and materials purchases will come from Dallas County.

ECONOMIC OUTPUT - CONSTRUCTION

The construction of the proposed stadium will generate significant economic output for the local economies, due to the increased demand for goods and services. Table 11 illustrates the total one-time economic output generated over the entire construction period:

TABLE 11
ECONOMIC OUTPUT - CONSTRUCTION
(In 2010 Dollars, 000's)

	Net Multiplier	Direct Economic Output	Induced Economic Output	Total Economic Output
County	1.03	\$171,509	\$177,151	\$348,660
City		\$35,301	\$36,463	\$71,764

Sources: Bureau of Economic Analysis RIMS II Multipliers, and Economics Research Associates.

Construction of the proposed stadium is anticipated to generate approximately \$171.5 million in direct countywide spending is anticipated, which will result in approximately \$348.7 million in total economic output for the County. Citywide spending is estimated to generate nearly \$35.3 million in direct economic output and \$71.8 million in total economic output.

FTE EMPLOYMENT - CONSTRUCTION

The construction of the proposed stadium will also impact regional employment as the demand for goods and services increases. Table 12 summarizes the FTE employment impacts on the City and County that will result from the construction expenditures:

TABLE 12
FTE EMPLOYMENT ANALYSIS - CONSTRUCTION
(In 2010 Dollars, 000's)

	Tarrant County	Arlington City
Direct Impact		
Payroll ¹	\$60,028	\$12,355
Employment ²	1,093	225
Induced Impact		
Payroll ¹	\$62,003	\$12,762
Employment ²	1,129	232
Total Impact		
Payroll ¹	\$122,031	\$25,117
Employment ²	2,222	457

Sources: Bureau of Economic Analysis RIMS II Multipliers, Texas Workforce
Comission and Economics Research Associates

Note: (1) Estimated at 35% of total construction spending impact.

(2) Estimate based on 2003 average non-residential construction income of
\$43,394 inflated to \$2009.

Construction of the proposed stadium is estimated to generate a countywide direct economic output of \$60.0 million in salary expenditures, construction activity will directly generate 1,093 FTE jobs and a total of 2,222 FTE jobs within the County. Within the City, construction will support approximately 225 direct FTE jobs and 457 total FTE jobs during the construction period.

IV. ANNUAL ECONOMIC IMPACT

A NFL franchise provides a unique opportunity to generate economic activity within a host community in that currently only 32 franchises operate in the NFL. As a result of this controlled competition, the market value of NFL franchises have shown dramatic growth since the last expansion. In 1974, the NFL expanded by two franchises at a value of \$16 million per franchise. The franchise rights in the 1993 expansion (Charlotte, North Carolina and Jacksonville, Florida) were sold for approximately \$140 million plus foregone revenues due to limitations on their share of national television revenues for three years. In 1998, the City of Cleveland was awarded a franchise for a reported \$476 million. In October 1999, the City of Houston was awarded the 32nd franchise (to begin operation in 2002) for a reported \$700 million. This 44-fold appreciation in value in that 25 years time span and five-fold appreciation from 1993 to 1999 indicates the magnitude of economic activity NFL franchises currently generate.

The financial stability of the NFL and its member clubs is driven by the following: (1) the NFL's sharing arrangement for over 90 percent of its total combined revenue including television revenue (split equally among the 31 current teams), gate receipts (net split 60/40 among home/visiting clubs), and licensing/merchandising rights; (2) the salary cap negotiated during the January 1993 labor agreement, which is intended to improve the profitability of each team and increase overall competitiveness (was \$62,172,000 in 2000); and (3) the popularity of NFL programming on television. Based on the information that we received from the Cowboys, we have assumed the salary cap in 2010 to be approximately \$133.0 million.

A NFL franchise will generate economic activity through in- and out-of-stadium spending by fans, visiting teams and businesses. These expenditures represent demand for goods and services primarily within the City and County. It should be noted that given the our scope of services, limited original market research has been completed by ERA for the purposes of this report. The estimates provided herein were developed and provided by the Cowboys. The following section describes the assumptions and the basis for the estimates.

BASIC OPERATING ASSUMPTIONS

As previously mentioned, the Cowboys have presented us with operating assumptions for the proposed stadium. Table 13 illustrates some of the basic operating assumptions:

Table 13
Operating Assumptions

Event Type	Events	Per Event Attendance
Cowboy Pre-Season	2	56,250
Cowboy Regular Season	8	75,000
Concerts	2	45,000
High School Football	15	5,000
Other	2	20,000
Soccer	2	40,000
College Football	2	75,000
Bowl Alliance	1	75,000
Truck & Tractor	1	40,000
Festivals	5	50,000
Other	5	5,000

FACILITY/FRANCHISE GENERATED SPENDING

The Cowboys franchise will generate economic impacts on the City and County as fans and businesses pay to enjoy and be associated with NFL events. Because this is directly related to the production of, and participation in, a professional football game, it represents demand for professional sporting events. This economic activity is best identified by BEA’s RIMS II sector “Professional Sports Clubs & Promoters.” For purposes of giving some magnitude to the Cowboys projections, we have illustrated some league averages that we have obtained in our database and have also illustrated historical Dallas Cowboy data when available.

In conducting these surveys, ERA agreed to maintain the confidentiality of the participants and, as a result, cannot identify survey participants in connection with their responses. Information from the comparable franchises/stadiums presented in this report are referred to as Comparable 1, 2, 3, etc. rather than by the franchise/stadium name.

It should be noted that ERA did not use the ‘Total In-Stadium Gross Revenue’ numbers (prepared by the Cowboys) in the final economic impact analysis. The purpose of the economic impact analysis is to measure the total amount of dollars spent and jobs created as a result of the new development and operations on the City and County economies. To accurately forecast these economic impacts, ERA only included the facility’s annual operating budget, on-site concessions/novelty sales, parking fees, visitor off-site expenditures, and event personnel expenditures as the basis for direct economic output.

Other franchise revenue sources, such as media revenue, luxury suite sales, and naming rights were excluded from the direct impact total, as a large portion of these revenues may leak out to

markets located outside of the local economy. For instance, players' salaries are the professional sports franchises' largest expense. These salaries do not fully impact the local area because players often do not reside in the local area year-round and/or may place a substantial portion of their salaries into savings accounts. Thus, these funds represent economic leakage flowing out of the local economy.

The following section describes the Cowboys assumptions used to estimate the total gross revenues generated by the Cowboys operating in the proposed stadium. As mentioned above, the only direct expenditure categories included in the economic impact model are the facility's annual operating budget, concessions/novelty sales, and parking. The remaining franchise revenue categories are described only to give a brief overview of all potential revenue sources the Cowboys may generate.

Facility Generated Spending – Economic Impact Factor

Tickets

In general, a major portion of gross ticket sales are allocated to cover annual budgetary expenditures, including staff salaries and benefits, utilities, repair and maintenance, etc. Spending patterns of the remaining portion, or net operating profit, is often difficult to track and quantify, as it depends on discretionary management decisions.

Ticket prices fluctuate from NFL market to NFL market and averaged approximately \$60.00 in the 2003 season. For purposes of this analysis, the Cowboys have assumed that the average general seating ticket prices will increase by approximately six percent annually. Assuming per game general seating attendance of approximately 56,000 per pre season game and approximately 67,000 for regular season games. Total general seating ticket revenues are assumed to be nearly \$58.0 million.

Table 14 illustrates the proposed NFL stadium's annual ticket revenues for a stabilized year based on the information that the Cowboys presented us. These revenues exclude all third party service charges (i.e. ticketmaster or equivalent, credit card fees, etc.). The figures exclude premiums (suites and clubs).

Total ticket revenues (for all seating locations) are assumed to be approximately \$67.8 million. If the premiums and other charges were included, this would be increased by approximately 40 percent.

TABLE 14
PROJECED TICKET SALES
(In 2010 Dollars, 000's)

Expense Category	Revenues (000's)
General Seating	\$57,938,467
Club Seating - *	\$5,650,696
Suite Seating - *	\$4,212,337
Total	\$67,801,500

Source: Economics Research Associates.

* - Ticket portion only

Concession/Novelty

Concession/novelty purchases include food items, drink items, game programs, souvenirs and other non-edible items. Table 15 presents the estimated total gross revenues generated by concessions/novelty spending made by stadium attendees at Cowboy games.

TABLE 15
PROPOSED NFL ARLINGTON STADIUM ASSUMPTIONS
IN-STADIUM CONCESSIONS/NOVELTY SALES
(In 2010 Dollars, 000's)

	Per Capita Rates	TOTAL
Concessions/Novelty Revenues		
General Seating	\$39.01	\$23,751
Club Seating	\$39.01	\$2,316
Luxury Suite Seating	\$39.01	\$1,727
TOTAL IN-STADIUM GROSS REVENUES		\$27,795

Sources: NFL Franchise/Patron Surveys, and Economics Research Associates.

Because of catering, club seat and luxury suite spending on concessions and novelties tends to be much greater than general seating. Club seat and luxury suite concession/novelty per capita spending range dramatically league wide. In the past five years, the Cowboys have had a blended average (general admission and suite) of approximately \$15.50 to nearly \$20.00 per capita. The Cowboys are estimating that concessions/novelty per capita sales are assumed to be approximately \$40.00 in 2010. Based on their historical numbers, and the fact that the stadium will be state of the art, this assumption appears on line. Based on these assumptions, the gross concession/novelty sales are estimated to be nearly \$28.0 million.

Parking

Parking revenue is generated when fans park in the stadium's controlled parking lot(s) to attend games. Due to the variance in parking facilities and the difference in public transportation opportunities, it is difficult to estimate the patron driving patterns. Based on historical information, The Cowboys have assumed parking demand at the proposed stadium will be approximately 3.0 persons per vehicle.

Assuming their average assumed parking fee of nearly \$38.00 per car, total parking revenue to be approximately \$8.5 million annually.

Facility Generated Spending – Non-Economic Impact Factor

Club Seats

A majority of the NFL stadiums have club seats and all of the newer (built since 1990) NFL stadiums have club seats. Club seats are typically seats located in the best location within the stadium. A club seat will typically have amenities including wider, more comfortable chairs, access to designated clubs within the stadium, waiter/waitress service, etc. The proposed stadium in Arlington is planned to have approximately 5,000 to 10,000 club seats. The ticket portion of the club seats is estimated at approximately \$2.3 million in 2010 as was illustrated in Table 14.

Luxury Suites

The rental of luxury suites generates significant revenue in many NFL stadiums. Currently, none of the NFL franchise plays in a stadium that does not offer luxury suites. Prices for luxury suites are influenced by the amenities offered. These amenities include the number of stadium events, number of seats per suite and suite location.

The stadium is to have luxury suites for lease on an annual or game-day equivalent basis. As the Table 16 below illustrates, luxury suite prices at comparable newer NFL facilities range in price from approximately \$59,000 to \$300,000 per suite.

Table 16
NFL Luxury Suite Prices

Stadium	Low	High
Stadium #1	\$60,000	\$250,000
Stadium #2	\$59,000	\$296,000
Stadium #3	\$70,000	\$170,000
Stadium #4	\$70,000	\$125,000
Stadium #5	\$110,000	\$225,000
Stadium #6	\$50,000	\$250,000
Stadium #7	\$50,000	\$300,000
Stadium #8	\$125,000	\$250,000
Stadium #9	\$90,000	\$250,000

Sources: ERA and sports periodicals

The ticket portion of the luxury suites is estimated at \$1.7 million in 2010 as was illustrated in Table 14.

Naming Rights

Naming rights revenues also vary from stadium to stadium depending on a number of factors including size of marketplace, the amount of exposure, among others. Historically, stadiums and arenas were named after the city, county or, in some instances, to honor or memorialize a significant individual or group. Selling the naming rights of a facility to an unrelated corporation was, and can still be, a political issue, but there has been a definite trend towards the sale of naming rights to the private corporation. Naming rights have typically been sold to corporations in the following industries:

- Financial Services
- Airline
- Beverage
- Energy
- Automobile
- Retail
- Consumer Product
- Computer
- Internet
- Other

Several sports facilities have recently licensed the name of the facility to major corporations. We have obtained stadium naming rights information from recently constructed (or under construction) NFL stadium comparables. It is often difficult to gather complete information regarding naming rights as some of the recent deals do not necessarily reflect 'arms-length' transactions. For example, naming rights sold to a family or a bank may have other provisions,

which could result in misleading conclusions. Furthermore, some transactions include significant advertising opportunities or other amenities, thus inflating the reported price. We have attempted to adjust for those considerations in our assumptions.

These naming rights deals in comparable NFL stadiums range from a low of \$2.7 million to a high of approximately \$10.0 million annually. A majority of these naming rights deals are for 20 to 30 year periods and range in annual increases of 0 to 5 percent. Naming rights licensing fees vary considerably and are typically based on the amount of media coverage the stadium will receive (e.g. television, radio, print, etc.), stadium attendance and prestige. The table below illustrates some recent NFL naming rights deals.

NFL Luxury Suite Prices

Stadium	Total	Term	Annual
Stadium #1	\$300,000,000	30	\$10.0m
Stadium #2	\$205,000,000	27	\$7.6m
Stadium #3	\$139,600,000	20	\$7.0m
Stadium #4	\$90,000,000	15	\$6.0m
Stadium #5	\$55,000,000	18	\$3.0m
Stadium #6	\$57,000,000	20	\$2.9m
Stadium #7	\$31,800,000	12	\$2.7m

Sources: ERA and Sports Publications

Advertising

Scoreboard and display advertising in a NFL facility generates substantial revenue. Stadiums that have more than one professional franchise (e.g. two NFL franchises or one NFL franchise and one Major League Baseball (MLB) franchise) generate more advertising dollars than a stadium that has one primary tenant. Advertising revenues from the newer NFL stadiums from which we were able to gather data ranged from approximately \$10 to \$20 million annually. Taking into account the new stadium, the known brand of the Dallas Cowboys, the advertising/sponsorship assumption should be high.

Franchise Generated Spending – Non-Economic Impact Factor

National Broadcasting Television Revenues

In January 1988, the NFL sold the broadcasting rights to the American Football Conference games to CBS for \$4.0 billion over eight years, and sold a \$4.4 billion, eight year package for the National Football Conference rights to the Fox Television Network. The agreements nearly doubled the previous rights fees. At the same time, ABC retained its Monday Night Football package by agreeing to pay \$4.4 billion over eight years. ESPN became the league's sole cable

outlet by signing an eight-year \$4.8 billion deal. The four deals will pay the NFL \$17.6 billion over the next eight years. Each of the NFL franchises receives approximately \$80 million per year. These television deals expire following the 2005 NFL season and negotiations are currently underway with the respective networks.

Radio and Local Television Revenues

The media revenue category includes local television and local/national radio revenues.

Common Revenues

Common revenues represent a combination of several revenue sources. Common revenue sources include, NFL properties, NFL films, and the internet, among others.

- **NFL Properties** - Founded in 1963, NFL Properties is the centralized marketing arm for the NFL and its franchises and is a corporation owned equally by NFL franchises. NFL Properties was formed to capitalize on the trademarks of the NFL and the franchises via licenses to manufacturers and corporations while providing professional marketing expertise, services to the teams and quality control. The scope of NFL Properties is worldwide, with an increasing focus on its international promotion of the NFL. Its primary purpose, however, is as an instrument of goodwill between fans and the NFL, its teams and its players. NFL Properties is composed of five main areas: international, retail licensing, marketing and promotions, publishing and special events. Although the current arrangement for the sharing of NFL Properties' revenue is currently being challenged, it has been utilized for the purposes of this analysis.
- **NFL Trust** - The NFL Trust, created by all of the NFL franchises, holds the trademarks, service marks, trade names, and other rights conveyed to it by the participating teams. These rights, known as the "club marks," include team names, helmet designs, insignias, uniforms, colors, identifying slogans, certain publications and other rights. The NFL Trust has entered into a long-term exclusive licensing agreement with NFL Properties, which allows NFL Properties to use the club marks to generate revenues. The purpose of the NFL Trust is to dedicate the licensing income of the club markets to charitable entities and for educational purposes in order to promote or enhance the public image of the NFL or the interest of its member Clubs. The NFL Trust pays portions of the income it receives to NFL Charities and Club charities. The remainder is paid to the Trust, subject to the League's right to levy assessments on the funds.

- **NFL Films** - NFL Films, Inc. is owned equally by the NFL franchises. NFL Films, which has won over 50 Emmys, captures every play of every game on film and owns all film and video rights for NFL games. At its headquarters, a staff of almost 150 cinematographers, technicians, engineers, and writers produces a multitude of video reports, features, and documentaries as well as specials for network broadcasts. Its sports filming serves as a promotional arm of the League by keeping football in the forefront of the public eye. Royalties are shared equally among the franchises.

PATRON OUT-OF-STADIUM SPENDING

A significant portion of the economic impacts generated by the operations of a NFL franchise will result from patron spending outside of the stadium. In the process of attending NFL games, patrons purchase goods and services from local establishments. These purchases, including food, beverages, gasoline, lodging and other miscellaneous retail items, represent demand for goods and services in the following BEA RIMS II sectors:

- Retail trade
- Eating and drinking places
- Hotels and lodging places
- Professional sports clubs and promoters

Due to time constraints associated with this project, ERA was not able to complete spending surveys at Cowboy games. In lieu of this, ERA utilized surveys conducted at several comparable NFL events that we have in our internal data base to develop assumptions for patron spending patterns. It is important to note that these surveys provide estimates for average per capita spending by patrons at comparable NFL events located throughout the nation. The average per capita spending totals equal the sum of all expenditures (for each expenditure category) divided by the total number of event patrons, which include walk-up patrons, day visitors, and overnight visitors. Furthermore, because spending patterns are influenced by the particular team/event, retail establishments around the facility, and the local and regional geographic area, assumptions used in this analysis represent only possible spending patterns. Actual spending patterns for patrons attending events held in the facility may differ significantly initially and over time.

Patron Per Capita Expenditures

Assumptions for patron per capita expenditures are based on six patron surveys conducted at comparable NFL events throughout the nation that we have in our database. Table 17 illustrates the ‘case-by-case’ nature of per capita patron spending by providing the ranges found within

these surveys. For example, per capita spending at hotels and lodging ranged from a low of \$2.23 to \$25.48 (in 2010 dollars). This wide disparity is correlated to patrons' residential origin.

Table 17
Patron Per Capita Expenditure Range
(2010 Dollars)

Expense Category	Low	High
Hotels/Lodging	\$2.23	\$25.48
Restaurants/Drinking Establishments	\$11.38	\$24.63
Grocery Stores	\$2.51	\$9.06
Gasoline Stations	\$2.54	\$5.59
Convenience Stores	\$1.22	\$4.79
Other Retail	<u>\$1.44</u>	<u>\$3.62</u>
Total	\$21.31	\$73.17

Sources: NFL patron spending surveys, and Economics Research Associates.

For the purposes of this analysis, ERA used the survey's average per capita expenditures to reflect anticipated spending for NFL games. The results of the patron spending surveys and the per capita assumptions utilized in this study are detailed in Table 18.

Table 18
Patron Per Capita Expenditure Range
(2010 Dollars)

Expense Category	Average Per Capita Spending	Per Capita Spending Assumptions
Hotels/Lodging	\$12.11	\$12.10
Restaurants/Drinking Establishments	\$17.57	\$17.60
Grocery Stores	\$5.86	\$5.90
Gasoline Stations	\$4.41	\$4.40
Convenience Stores	\$3.29	\$3.30
Other Retail	\$2.19	<u>\$2.20</u>
Total	\$45.42	\$45.50

Sources: NFL patron spending surveys, and Economics Research Associates.

The assumptions for total patron spending utilized in this report are fairly consistent with patron spending observed at other NFL events. Patrons attending a NFL game in the City are assumed to spend approximately \$45.50. However, if actual patron expenditures differ from these assumptions, the economic impacts presented in this report may change.

Distribution of Patron Spending

In addition to patron per capita spending, ERA developed assumptions regarding the capture rates anticipated for out-of-stadium spending in the City and County. These assumptions were

developed based on the relative mix of retail and hotel/lodging establishments located within each of the defined economies. Table 19 presents ERA’s projected out-of-stadium patron expenditure capture rates for a NFL team operating in the proposed stadium.

TABLE 19
OUT-OF-STADIUM PATRON EXPENDITURE CAPTURE RATES

	Percent in County	Percent in City
Hotels/Lodging	75.0%	50.0%
Restaurants/Drinking Establishments	75.0%	50.0%
Grocery Stores	90.0%	85.0%
Gasoline Stations	90.0%	85.0%
Convenience Stores	90.0%	85.0%
Other Retail	90.0%	85.0%
Out of Stadium Miscellaneous Activities	50.0%	10.0%

Source: Economics Research Associates

Because the City of Arlington and Tarrant County have relatively large and well-diversified local economies, it is assumed that a sizeable portion of off-site spending is anticipated to remain within these markets. Table 20 illustrates the projection of total out-of-stadium patron expenditures anticipated for a stabilized operating year. According to the table, total out-of-stadium spending to be approximately \$32.4 million annually, depending on the actual capture of annual attendance. Using the expenditure capture rates detailed above (Table 19), patrons will spend approximately \$24.4 million in the City, and \$29.1 million in the County. In addition, the Cowboys have indicated that there will be an addition \$25.5 million generated annually in “Out of Stadium Miscellaneous” revenues. This is attributable to primarily to merchandise sales, via Cowboy cheerleader special events and appearances, among others. Local capture of this revenue is estimated at \$12.7 million annually in Tarrant County and \$2.6 million annually in Arlington.

TABLE 20
PROPOSED NFL ARLINGTON STADIUM ASSUMPTIONS
OUT-OF-STADIUM PATRON EXPENDITURES
(In 2010 Dollars, 000's)

	Per Capita Rates	TOTAL
Patron Spending		
Hotel/Lodging	\$12.10	\$8,621
Restaurants/Drinking Establishments	\$17.60	\$12,540
Grocery Stores	\$5.90	\$4,204
Gasoline Stations	\$4.40	\$3,135
Convenience Stores	\$3.30	\$2,351
Other Retail	\$2.20	\$1,568
Total Patron Spending	\$45.50	\$32,419
Out of Stadium Misc Revenues		\$25,500
TOTAL OUT-OF-STADIUM GROSS REVENUES		\$57,919

Sources: NFL Franchise/Patron Surveys, and Economics Research Associates.

EVENT PERSONNEL SPENDING

In addition to patrons, visiting sports franchise and the visiting franchise traveling party will purchase goods and services. These expenditures will be primarily spent on meals and lodging. Assumptions related to these expenditures are based on interviews with promoters and representatives from relevant events, as well as ERA's internal database. It is anticipated that a portion of these expenditures will occur outside of the regional economies. For the purposes of this study, it is assumed that the capture of event personnel expenditures will be the same as the distributions for patron out-of-stadium expenditures. The following section summarizes the assumptions used to estimate total event personnel spending resulting from operations of a NFL franchise.

Event Patron Spending

Members of visiting teams purchase goods and services within the local economy when competing against a host NFL franchise. Based on interviews with NFL franchise organizations, the following assumptions have been developed to estimate the annual out-of-stadium spending by visiting teams:

- 108 event persons and 75 local media persons travel per visiting team.
- Each team will require an average of 145 hotel rooms per night.
- Hotel rates average \$125 per room night.
- Average expenditures of approximately \$75 per person per day.
- The average length of stay is estimated to be 1.5 nights per game.



Based on these assumptions, visiting teams and local media personnel are anticipated to spend approximately \$205,9600 on meals and \$343,200 on hotels/lodging annually. Assuming 75% of the hotel and meal purchases are made in the County, visiting teams are anticipated to spend \$175,000 and \$136,000 on lodging and meals respectively in Tarrant County. Assuming 70% of the hotel and meal purchases are made in the City, visiting teams are anticipated to spend \$172,000 and \$103,000 on lodging and meals respectively in the City of Arlington.

ECONOMIC OUTPUT - ONGOING OPERATIONS

Table 21 and Table 22 details the results of the economic impact analyses conducted for the operation of a NFL franchise in the City of Arlington. Based on the RIMS II net output multipliers provided by the Bureau of Economic Analysis, new economic activity that will result in \$143.2 million in direct countywide economic output, and \$279.4 million in total countywide economic output. Furthermore, direct citywide economic output is estimated to be approximately \$127.0 million, while total citywide economic output is estimated to be approximately \$155.0 million.



TABLE 21
ECONOMIC OUTPUT ANALYSIS - TARRANT COUNTY
(In 2010 Dollars, 000's)

	Per Capita Rates	County Spending (% of Total)	County Net Multiplier	Direct Economic Output	Induced Economic Output	Total Economic Output
Franchise Operations						
Tickets	\$95.16			\$67,802	\$66,656	\$134,457
Parking Revenues	\$37.96			\$8,455	\$8,312	\$16,768
Concessions/Novelty Sales	\$39.01			\$27,795	\$27,325	\$55,120
Total			0.98	\$104,052	\$102,293	\$206,345
Patron Spending						
Hotel/Lodging	\$12.10	75.0%	0.69	\$6,466	\$4,436	\$10,902
Restaurants/Drinking Establishments	\$17.60	75.0%	0.92	\$9,405	\$8,670	\$18,075
Grocery Stores	\$5.90	90.0%	0.78	\$3,783	\$2,954	\$6,737
Car Rental/Gasoline Stations	\$4.40	90.0%	0.78	\$2,822	\$2,203	\$5,025
Convenience Stores	\$3.30	90.0%	0.78	\$2,116	\$1,652	\$3,768
Other Retail	\$2.20	90.0%	0.78	\$1,411	\$1,102	\$2,512
Total	\$45.50			\$26,003	\$21,018	\$47,020
Out of Stadium Miscellaneous Activities		50.0%	0.98	\$12,750	\$12,535	\$25,285
Visiting Team Personnel						
Hotel	\$125	75.0%	0.69	\$257	\$177	\$434
Restaurant	\$75	75.0%	0.92	\$154	\$142	\$297
Total				\$412	\$319	\$731
TOTAL ECONOMIC OUTPUT				\$143,216	\$136,164	\$279,380

Source: Economics Research Associates.



TABLE 22
ECONOMIC OUTPUT ANALYSIS - CITY OF ARLINGTON
(In 2010 Dollars, 000's)

	Per Capita Rates	City Spending (% of Total)	Direct Economic Output	Induced Economic Output	Total Economic Output
Franchise Operations					
Tickets	\$95.16		\$67,802	\$13,720	\$81,521
Parking Revenues	\$37.96		\$8,455	\$1,711	\$10,166
Concessions/Novelty Sales	\$39.01		\$27,795	\$5,624	\$33,419
Total			\$104,052	\$21,055	\$125,106
Patron Spending					
Hotel/Lodging	\$12.10	50.0%	\$4,311	\$913	\$5,224
Restaurants/Drinking Establishments	\$17.60	50.0%	\$6,270	\$1,785	\$8,055
Grocery Stores	\$5.90	85.0%	\$3,573	\$608	\$4,181
Car Rental/Gasoline Stations	\$4.40	85.0%	\$2,665	\$453	\$3,118
Convenience Stores	\$3.30	85.0%	\$1,999	\$340	\$2,339
Other Retail	\$2.20	85.0%	\$1,332	\$227	\$1,559
Total	\$45.50		\$20,150	\$4,326	\$24,476
Out of Stadium Miscellaneous Activities		10.0%	\$2,550	\$2,580	\$5,130
Visiting Team Personnel					
Hotel	\$125	50.0%	\$172	\$36	\$208
Restaurant	\$75	50.0%	\$103	\$29	\$132
Total			\$275	\$66	\$340
TOTAL ECONOMIC OUTPUT			\$127,026	\$28,026	\$155,052

Source: Economics Research Associates.

FTE EMPLOYMENT - ONGOING OPERATIONS

Table 23 and Table 24 presents the projected FTE employment that the Cowboys are anticipated to generate. According to these tables, ongoing operations will potentially support approximately 980 total FTE jobs in the County, and 226 total FTE jobs in the City. It should be noted that these estimated FTE job projections represent new employment for various industries operating throughout each study area.

TABLE 23
FTE EMPLOYMENT ANALYSIS - TARRANT COUNTY
(In 2010 Dollars, 000's)

	Payroll (\$)	FTE Employment
Direct Impact		
Employment	\$1,494	30
Event Staff	\$1,423	
Total Direct	\$2,918	30
Induced Impact ¹	\$47,657	953
Total Impact	\$50,575	983

Sources: Bureau of Economic Analysis RIMS II Multipliers, and Economics Research Associates.

Note: (1) Labor costs estimated at 35% of total induced impact. FTE employment estimate is based on an average annual wage level of \$38,000 inflated to \$2010 (e.g. \$50,000).

TABLE 24
FTE EMPLOYMENT ANALYSIS - CITY OF ARLINGTON
(In 2010 Dollars, 000's)

	Payroll (\$)	FTE Employment
Direct Impact		
Employment	\$1,494	30
Event Staff	\$1,423	
Total Direct	\$2,918	30
Induced Impact ¹	\$9,809	196
Total Impact	\$12,727	226

Sources: Bureau of Economic Analysis RIMS II Multipliers and Economics Research Associates.

Note: (1) Labor costs estimated at 35% of total induced impact. FTE employment estimate is based on an average annual wage level of \$38,000 inflated to \$2010 (e.g. \$50,000).

V. ANNUAL FISCAL IMPACT

In this section, ERA estimates the potential fiscal benefits generated by the ongoing operations of the Cowboys franchise in the proposed stadium in Arlington based on the operating assumptions provided by the Cowboys and outlined in the preceding section. This analysis accounts for the direct fiscal impacts that recur annually to the City's General Fund and Street Maintenance Fund revenue accounts. Revenue accounts analyzed include:

- Hotel occupancy tax
- Sales tax

Other potential tax revenue sources, such as business license fees, and car rental fees are not applicable in Arlington. It should be noted that it was assumed in this analysis that the proposed stadium would be publicly owned by the City of Arlington. In light of this factor, ERA anticipates that the City operated facility will be exempt from the following tax duties:

- Property tax
- Business license taxes and fees
- Utility users tax
- Corporation income tax

However, if the facility is otherwise owned by a private, for-profit organization, then facility operations will likely be subject to all of the government taxes outlined above, including property and corporate income taxes.

Regarding the potential for fiscal impacts to Tarrant County, the State of Texas limits the types of taxes that Counties can collect. According to Tarrant County administrators, ad valorem property tax is the primary tax revenue source for the County. As the stadium is anticipated to be publicly-owned, it will be exempt from taxes based on real and personal property. Thus, there is no projected direct fiscal impact to Tarrant County from the Stadium or its operations.

DIRECT BENEFITS

It is important to note that this analysis generally measures the direct benefits attributable to on-site activity and does not attempt to capture the fiscal impacts of off-site activities and secondary impacts that would be induced from economic activity generated by the stadium and franchise as a whole.

Hotel Occupancy Tax

- The City of Arlington levies a Hotel Occupancy Tax on hotel lodgers staying at hotels, motels, and other lodging establishments. The current tax is 7.0 percent of gross room revenues.



For the purpose of this report, hotel occupancy tax revenues were based upon room night generation for event patrons and visiting teams participating in the ten NFL games projected for the proposed stadium. Table 25 presents the estimated hotel lodging tax revenues raised by the annual ongoing operations of the stadium and franchise. According the table, based on \$4.5 million in direct City-generated hotel/motel expenditures, the City of Arlington will raise approximately \$314,000 annually in Hotel Occupancy Tax revenues.

TABLE 25
HOTEL LODGING TAX REVENUES
(In 2010 Dollars, 000's)

	City	County
Taxable Hotel Revenue	\$4,482	\$0
Rate ¹	7.00%	0.00%
Hotel Occupancy Tax Revenues	\$314	\$0

Sources: City of Arlington and ERA.

Sales Tax

A 7.50 percent sales tax is levied by the State of Texas on retail and restaurant items purchased in the City of Arlington. As of the writing of this analysis, 1.25 percent is the city's portion of the 7.50 percent sales tax. Table 26 presents the estimated Sales Tax revenues generated by the annual ongoing operations of the stadium and franchise. According the table, based on approximately \$117.6 million in direct City-generated taxable expenditures, the City of Arlington will raise approximately \$1.47 million annually in sales tax revenues.

TABLE 26
POINT OF PURCHASE SALES TAX REVENUES
(In 2010 Dollars, 000's)

	City	County
Taxable Sales		
Ticket Sales	\$67,802	\$0
Parking Revenues	\$8,455	\$0
Concession Sales	\$27,795	\$0
Restaurants/Drinking Establishments	\$6,270	\$0
Grocery Stores	\$3,573	\$0
Gasoline Purchases	\$1,066	\$0
Convenience Stores	\$1,999	\$0
Other Retail	\$666	\$0
	\$117,625	\$0
Sales Tax Rate	1.25%	0.00%
Total Sales Tax Revenues	\$1,470	\$0

Source: City of Arlington and ERA.

TOTAL FISCAL IMPACT

Table 27 summarizes the direct fiscal benefits that would be generated on an annual recurring basis from stable year operations by the proposed stadium and the Dallas Cowboys. The total amount of tax contributed to the City can be anticipated to be nearly \$1.8 million per year.

TABLE 27
SUMMARY OF ANNUAL FISCAL IMPACT
(In 2010 Dollars, 000's)

	Total
County	\$0
City	\$1,784
Total	\$1,784

Source: City of Arlington and ERA.

Table 28 illustrates the cumulative 30-year fiscal impacts anticipated for the proposed NFL stadium and franchise. It should be noted that stable year operations (2010) was kept constant over the thirty year period in real terms, and was nominally adjusted with a 3 percent inflation factor. Over a 30-year time-span, the cumulative total is projected to be \$92.3 million.

TABLE 28
Summary of Cumulative Fiscal Impacts
By Government Level
(In \$000's)

	Annual Operations	
	Year 1	Year 30
City	\$1,784	\$84,878
County	\$0	\$0
Total	\$1,784	\$84,878

Source: Economics Research Associates.

APPENDIX A – OTHER POTENTIAL ANNUAL EVENTS

Aside from the eight regular season NFL games and two pre-season NFL games (as presented in the main portion of this report), the proposed stadium may potentially be utilized for other annual events on non-game days during the year. Other annual events could potentially include concerts, high school football games, other spectator shows, soccer, college football, NCAA bowl alliance, truck and tractor, festivals, and other events. Table A-1 illustrates the Cowboys assumptions for the proposed stadium's *NFL and Other Potential Annual Events*. It should be noted again that ERA has not prepared a market or financial analysis and these assumptions are based projections provided by the Cowboys.

Table A1

Event Type	Events	Attendance	Avg. Ticket	In - Stadium	Parking Rates
Concerts	2	45,000	\$67.00	\$23.27	\$16.89
High School Football	15	5,000	\$11.26	\$3.49	\$16.89
Other	2	20,000	\$50.68	\$6.05	\$16.89
Soccer	2	40,000	\$33.78	\$12.74	\$16.89
College Football	2	75,000	\$80.41	\$19.14	\$16.89
NCAA Bowl Alliance	1	75,000	\$167.51	\$35.17	\$16.89
Truck & Tractor	1	40,000	\$33.78	\$16.96	\$16.89
Festivals	5	50,000	\$22.52	\$8.98	\$16.89
Other	5	5,000	\$22.52	\$5.51	\$16.89

Based on the assumptions in Table A-1, ERA quantified the annual economic impacts that would generate from the *Other Potential Annual Events*. If the proposed stadium hosts these events in addition to its regular and pre-season NFL games, the annual economic impact values provided in Table A-2 and Table A-3 could be cumulatively incorporated into the Cowboys values illustrated in the main portion of this report. Note that the economic impact values provided in Table A-2 and Table A-3 are subject to the following assumptions:

- Of the total *NFL and Other Potential Annual Events* attendance, approximately 13 percent of the total attendance is estimated to comprise of overnight visitors requiring hotel and lodging services.
- Due to the nature of these events, the average length of stay for overnight visitors is anticipated to be approximately 1.25 nights. Estimating that most visitors will have double occupancy per room, total hotel expenditures was calculated using an average daily room rate of approximately \$75 per room.
- As overnight visitation is estimated to be relatively short in duration, visitors will likely opt to stay within close proximity to the site. Thus, the Tarrant County is expected to capture 100 percent of total out-of-stadium expenditures for the *Other Annual Events* and the City of Arlington is expected to capture 90 percent of out-of-stadium expenditures.

TABLE A-2
ECONOMIC OUTPUT ANALYSIS - TARRANT COUNTY
OTHER ANNUAL EVENTS
(In 2010 Dollars, 000's)

	Tarrant County Capture (% of Total)	Direct Economic Output	Induced Economic Output	Total Economic Output
In-Stadium Operations				
Admissions	100%	\$45,237	\$44,473	\$89,710
Concessions/Novelties	100%	\$12,291	\$12,084	\$24,375
Parking	100%	\$4,729	\$4,649	\$9,378
Total		\$62,258	\$61,206	\$123,464
Out-of-Stadium Expenditures 1/				
Hotel Expenditures	100%	\$5,123	\$3,164	\$8,287
Restaurant	100%	\$2,733	\$2,267	\$5,000
Total		\$7,856	\$5,431	\$13,287
TOTAL ECONOMIC IMPACT		\$70,114	\$66,637	\$136,750
FTE Employment 2/		491	466	957

Source: Economics Research Associates.

Note: (1) Out of town visitation for all events is estimated at an average of 13% of total attendance.

(2) Estimated at 35% of total direct and induced spending impacts. Calculated using an average income of \$38,000 (in \$2010 = \$50,000) per year for the City and County.

TABLE A-3
ECONOMIC OUTPUT ANALYSIS - CITY OF ARLINGTON
OTHER ANNUAL EVENTS
(In 2010 Dollars, 000's)

	City of Arlington Capture (% of Total)	Direct Economic Output	Induced Economic Output	Total Economic Output
In-Stadium Operations				
Admissions	100%	\$45,237	\$9,154	\$54,391
Concessions/Novelties	100%	\$12,291	\$2,487	\$14,779
Parking	100%	\$4,729	\$957	\$5,686
Total		\$62,258	\$12,598	\$74,856
Out-of-Stadium Expenditures 1/				
Hotel Expenditures	90%	\$4,611	\$651	\$5,262
Restaurant	90%	\$2,459	\$467	\$2,926
Total		\$7,070	\$1,118	\$8,188
TOTAL ECONOMIC IMPACT		\$69,328	\$13,716	\$83,044
FTE Employment 2/		485	96	581

Source: Economics Research Associates.

Note: (1) Out of town visitation for all events is estimated at an average of 13% of total attendance.

(2) Estimated at 35% of total direct and induced spending impacts. Calculated using an average income of \$38,000 (in \$2010 = \$50,000) per year for the City and County.

Based on the RIMS II net output multipliers provided by the Bureau of Economic Analysis, these supplementary annual events will generate approximately \$70.1 million in direct economic output at the county level and result in a total county output of \$136.7 million. In addition, it is projected that the annual special events will support 957 direct and induced FTE jobs at the county level.

For the City of Arlington, approximately \$69.3 million in direct economic output will come from spending at annual special events. Adding induced impacts results in an annual total economic impact of \$83.0 million. In addition, it is projected that this level of spending will support a total of 581 FTE within the City.

Table A-4 provides the estimated annual fiscal impacts for these *Other Annual Events*. The projected values shown below represent supplemental tax revenues, which could be added to the Base-Case fiscal impact values provided in the preceding report.

According to Table A-4, hosting *Other Annual Events* during non-game days at the proposed stadium may potentially raise additional tax revenues of \$1.1 million for the City of Arlington. This amount is in addition to the \$1.2 million projected to be generated from Cowboys operations.

TABLE A4
ANNUAL FISCAL IMPACTS - CITY OF ARLINGTON
OTHER ANNUAL EVENTS
(In 2010 Dollars, 000's)

		Total Tax Revenues
Taxable Sales		
Admissions		\$45,237
Concessions/Novelties		\$12,291
Parking		\$4,729
Restaurant		\$2,459
Total Taxable		\$64,717
Sales Tax	1.25%	\$809
Taxable Hotel Room Revenues		
Total Room Revenues		\$4,611
Transient Occupancy Tax	7.00%	\$323
Total Annual Fiscal Impact		\$1,132

Sources: City of Arlington and Economics Research Associates.

APPENDIX B – SPECIAL ‘MEGA-EVENTS’

Construction of the proposed stadium would make Arlington eligible for special ‘mega-events,’ such as future NFL Super Bowls, NCAA Final Fours, and the Political Conventions. Although no ‘mega-events’ have been officially been awarded to Arlington at the time of this analysis, Arlington could be eligible for these types of events due to the City’s desirable location as reflected by its climate, excellent infrastructure, transportation systems and retail capacity. It would therefore be reasonable to assume that the economic benefits associated with a ‘mega-event’ would be an incremental benefit of the proposed project.

For illustrative purposes, ERA has provided a brief economic and fiscal impact analysis of a Super Bowl event, a NCAA Final Four, and a political convention hosted at the proposed stadium.

It is important to note that the impacts presented in this section reflect the one-time impacts of the mega events (on a one time basis). Significant assumptions were developed related to patron spending and these events related events. In developing these assumptions, we evaluated general economic and demographic variables for the region as well as third party economic impact reports and patron/event surveys conducted for past mega events.

Although information and conclusions developed in connection with past Super Bowls appear reasonable, we can not assure their accuracy. In addition, while the information generated in connection with past mega events provides an indication as to patron and event related spending, the assumptions and methodologies employed and the specific market characteristics of the host city make direct comparisons difficult. A number of factors could significantly impact the actual impacts on the host city, including:

- Planning decisions by the NFL, the NCAA, the political party and the City/County
- Actual teams or candidates participating in the mega event
- Patron and corporate involvement
- New fees and taxes levied
- Marketing strategies

As a result, the mega event related economic and fiscal impacts presented in this report provide an order of magnitude that may be anticipated rather than an actual estimate. The following sections provide a summary of our major assumptions and analysis. It is important to note that the impacts related to a future mega events are presented in 2010 dollars.

RELATED MEGA EVENT GENERATED SPENDING

In order to stage a ‘mega-event’ as defined herein, significant expenditures are made by the hosting organization, host communities and corporate participants. In addition to the event itself, these expenditures fund hundreds of related events and activities.

However, only a portion of these expenditures would be made within the City and County regions. Expenses related to air transportation and permanent event related staffing, for example, would represent spending that would have little or no impact on the local economy. Although the portion of spending located within the local economy depends on the specific market area as well as other factors specific to the event.

PATRON GENERATED SPENDING

These mega events have historically attracted a significant number of patrons to the local economy. These patrons include fans attending the mega sporting events, (Super Bowl and Final Four) individuals traveling to the area to be a part of the other related events and activities, participating teams and support staff and personnel, among others. The political events are very similar. These individuals spend a significant amount on a variety of goods and services within the local economies in order to attend and or be a part of the experience. Although the spending patterns of these individuals vary significantly, some general observations and trends identified at recent mega events provide some insight into potential expenditures, including:

- These are a national events. A significant portion of the patrons attending would likely be from out of the local area.
- Individuals attending these type of events have notably high personal and household incomes.
- A significant portion of the patrons attending these events tends to be subsidized by a corporation or business entity. As a result, spending by individuals for these events is typically greater than spending by other leisure travelers.
- Patrons tend to stay for several days. Depending on the location of the event, visits typically range from 3 to 10 days.
- The estimated spending displaced by these events vary significantly depending on the inventory of hotels and other retail establishments as well as other site specific factors. Displaced spending resulting from these events in a large, diversified economy is typically less than for a smaller and less diversified economy.

The unique profile of the ‘mega events’ patron makes it difficult to develop assumptions based on business, leisure or convention travelers. As a result, spending patterns have been developed based on previously conducted surveys and an evaluation of the region’s key economic and demographic variables. Table B1-a details the major assumptions utilized to estimate patron spending in Tarrant County and the City of Arlington:

TABLE B1
OPERATIONAL ASSUMPTIONS - MEGA EVENTS
(In 2010 Dollars)

	SUPER BOWL		FINAL FOUR		CONVENTIONS	
	Attending Patrons	Non-Attending Patrons	Attending Patrons	Non-Attending Patrons	Attending Patrons	Non-Attending Patrons
Number of Estimated Patrons	100,000	30,000	50,000	5,000	50,000	5,000
Average Length of Stay (nights)	4	5	3	4	8	5
In-Stadium Operations						
Admissions	\$650	\$0	\$250	\$0	\$0	\$0
Concessions/Novelties	\$55	\$0	\$45	\$0	\$0	\$0
Parking	\$40	\$0	\$40	\$0	\$0	\$0
Total	\$745	\$0	\$335	\$0	\$0	\$0
Out-of-Stadium Daily Expenditures						
Hotel Expenditures	\$150	\$50	\$150	\$50	\$150	\$50
Restaurants	\$60	\$40	\$60	\$40	\$60	\$40
Groceries	\$10	\$10	\$10	\$10	\$10	\$10
Other Entertainment/Recreation	\$50	\$35	\$50	\$35	\$50	\$35
Local Travel	\$20	\$15	\$20	\$15	\$20	\$15
Other Retail	\$85	\$35	\$85	\$35	\$85	\$35
Total	\$375	\$185	\$375	\$185	\$375	\$185
City Capture Spending (%)	75%	75%	75%	75%	75%	75%
County Capture Spending (%)	90%	90%	90%	90%	90%	90%

Source: Economics Research Associates.

ECONOMIC IMPACTS

As detailed above, these mega events held at the proposed stadium are anticipated to generate significant expenditures within the City and County. Table B2 illustrates the one-time, countywide economic impacts, and Table B3 provides the total citywide economic impacts generated during the events.

A Super Bowl held in the proposed stadium is anticipated to generate approximately \$425.8 million in direct and indirect expenditures within Tarrant County and approximately \$245.1 million in direct and indirect expenditures within the City of Arlington. A NCAA Final Four event held in the proposed stadium is anticipated to generate approximately \$126.0 million in direct and indirect expenditures within Tarrant County and approximately \$72.0 million in direct and indirect expenditures within the City of Arlington. A political convention held in the proposed stadium is anticipated to generate approximately \$246.1 million in direct and indirect expenditures within Tarrant County and approximately \$138.0 million in direct and indirect expenditures within the City of Arlington.



TABLE B2
ECONOMIC OUTPUT ANALYSIS - MEGA EVENTS - TARRANT COUNTY
(In 2010 Dollars, 000's)

	NET MULTIPLIERS	SUPER BOWL			FINAL FOUR			CONVENTIONS		
		Direct Economic Output	Induced Economic Output	TOTAL ECONOMIC OUTPUT	Direct Economic Output	Induced Economic Output	TOTAL ECONOMIC OUTPUT	Direct Economic Output	Induced Economic Output	TOTAL ECONOMIC OUTPUT
In-Stadium Operations										
Admissions		\$65,000	\$63,902	\$128,902	\$12,500	\$12,289	\$24,789	\$0	\$0	\$0
Concessions/Novelties		\$5,500	\$5,407	\$10,907	\$2,250	\$2,212	\$4,462	\$0	\$0	\$0
Parking		\$1,333	\$1,311	\$2,644	\$667	\$655	\$1,322	\$0	\$0	\$0
Total	0.98	\$71,833	\$70,619	\$142,453	\$15,417	\$15,156	\$30,573	\$0	\$0	\$0
Out-of-Stadium Expenditures										
Hotel Expenditures	0.69	\$60,750	\$41,681	\$102,431	\$21,150	\$14,511	\$35,661	\$55,125	\$37,821	\$92,946
Restaurants	0.92	\$27,000	\$24,891	\$51,891	\$8,820	\$8,131	\$16,951	\$22,500	\$20,743	\$43,243
Groceries	0.78	\$4,950	\$3,865	\$8,815	\$1,530	\$1,195	\$2,725	\$3,825	\$2,987	\$6,812
Other Entertainment/Recreation	0.80	\$22,725	\$18,162	\$40,887	\$7,380	\$5,898	\$13,278	\$18,788	\$15,015	\$33,802
Local Travel	0.78	\$9,225	\$7,203	\$16,428	\$2,970	\$2,319	\$5,289	\$7,538	\$5,885	\$13,423
Other Retail	0.78	\$35,325	\$27,582	\$62,907	\$12,105	\$9,452	\$21,557	\$31,388	\$24,507	\$55,895
Total		\$159,975	\$123,383	\$283,358	\$53,955	\$41,505	\$95,460	\$139,163	\$106,958	\$246,121
TOTAL ECONOMIC IMPACT		\$231,808	\$194,003	\$425,811	\$69,372	\$56,662	\$126,033	\$139,163	\$106,958	\$246,121

Source: Economics Research Associates.

TABLE B3
ECONOMIC OUTPUT ANALYSIS - MEGA EVENTS - CITY OF ARLINGTON
(In 2010 Dollars, 000's)

	SUPER BOWL			FINAL FOUR			CONVENTIONS		
	Direct Economic Output	Induced Economic Output	TOTAL ECONOMIC OUTPUT	Direct Economic Output	Induced Economic Output	TOTAL ECONOMIC OUTPUT	Direct Economic Output	Induced Economic Output	TOTAL ECONOMIC OUTPUT
In-Stadium Operations									
Admissions	\$65,000	\$13,153	\$78,153	\$12,500	\$2,529	\$15,029	\$0	\$0	\$0
Concessions/Novelties	\$5,500	\$1,113	\$6,613	\$2,250	\$455	\$2,705	\$0	\$0	\$0
Parking	\$1,333	\$270	\$1,603	\$667	\$135	\$802	\$0	\$0	\$0
Total	\$71,833	\$14,535	\$86,369	\$15,417	\$3,120	\$18,536	\$0	\$0	\$0
Out-of-Stadium Expenditures									
Hotel Expenditures	\$50,625	\$8,579	\$59,204	\$17,625	\$2,987	\$20,612	\$45,938	\$7,785	\$53,722
Restaurants	\$22,500	\$5,123	\$27,623	\$7,350	\$1,674	\$9,024	\$18,750	\$4,269	\$23,019
Groceries	\$4,125	\$796	\$4,921	\$1,275	\$246	\$1,521	\$3,188	\$615	\$3,802
Other Entertainment/Recreation	\$18,938	\$3,738	\$22,676	\$6,150	\$1,214	\$7,364	\$15,656	\$3,091	\$18,747
Local Travel	\$7,688	\$1,483	\$9,170	\$2,475	\$477	\$2,952	\$6,281	\$1,211	\$7,493
Other Retail	\$29,438	\$5,677	\$35,115	\$10,088	\$1,945	\$12,033	\$26,156	\$5,044	\$31,201
Total	\$133,313	\$25,396	\$158,708	\$44,963	\$8,543	\$53,505	\$115,969	\$22,015	\$137,984
TOTAL ECONOMIC IMPACT	\$205,146	\$39,931	\$245,077	\$60,379	\$11,663	\$72,042	\$115,969	\$22,015	\$137,984

Source: Economics Research Associates.

FISCAL IMPACTS

A mega event held in the proposed stadium will also generate fiscal impacts for the City and County. These impacts will be generated through direct expenditures related to initial spending during the event, as well as subsequent out-of-arena hotel expenditures. Table B4 summarizes the estimated major relevant fiscal impacts to be generated by the three projected mega events held in the proposed stadium.

TABLE B4
ANNUAL CITY FISCAL IMPACTS - PERIODIC MEGA EVENTS
(In 2010 Dollars, 000's)

	Tax Rates	SUPER BOWL	FINAL FOUR	CONVENTIONS
City of Arlington				
Sales Tax	1.25%	\$770	\$262	\$601
Transient Occupancy Tax	7.00%	\$3,544	\$1,234	\$3,216
Total Periodic Fiscal Impact		\$4,313	\$1,496	\$3,817

Source: City of Arlington and Economics Research Associates.

Based on the assumptions detail above, a Super Bowl will generate approximately \$4.3 million in one-time tax revenue for the City, a NCAA Final Four event will generate approximately \$1.5 million and a political convention will generate approximately \$3.8 million. Although the City and County could potentially spend millions of dollars related event related expenses, host communities typically levy a temporary user fee or tax to pay for these expenses. For the purposes of this analysis, we have assumed that the City/County would be able to generate enough in temporary fees and taxes to cover these expenditures.

In addition to the fiscal impacts detailed above, mega events held in the proposed stadium may result in other governmental revenues and expenses, including: sales tax revenue distributed to various government agencies; reduced government assistance expenses; up-front financing costs and other miscellaneous taxes, fees and permits. As these impacts are difficult to accurately estimate at this time and/or are not anticipated to be significant, they have not been included in this analysis.

NON-QUANTIFIABLE IMPACTS

Hosting a mega event (such as the Super Bowl, the Final Four or a political convention) have other significant benefits for the City and County regions that are less explicit and more difficult to quantify. These include:



- Community pride and identity
- National and international exposure
- Prestige associated with a major sporting event

The value and impact of these benefits have not been estimated or included in this study. What is known, however, is that business and industry spend millions of dollars for the exposure provided by these events.